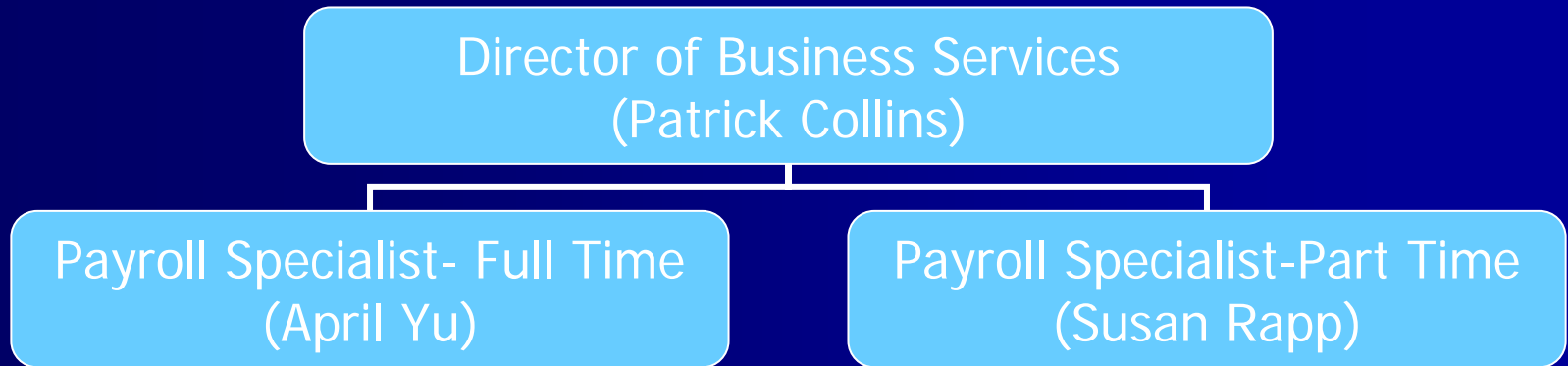# School Finance Basics

The Payroll Function

June 2007

Topics

- 1. Staffing
- 2. Statistical Overview
- 3. How Payroll is Generated
- 4. Internal Controls
- 5. Major Sub-components

Staffing

Director of Business Services
(Patrick Collins)

Payroll Specialist- Full Time
(April Yu)

Payroll Specialist-Part Time
(Susan Rapp)

FY07 Statistical Overview

- Will have approx. 19,500 paychecks distributed in FY07

- Approx. $33.8M payroll dollars from all sources of funds

- Average bi-weekly payroll of $1.4M and 775 paychecks

How Payroll is Generated

- Use the MUNIS® financial and HRIS system. Approximately 1/3 of all cities and towns in Massachusetts use this package

- Unique features to school payroll
  - School year employees with pay option to receive salary over 10 or 12 months

How Payroll is Generated

- Salaried employees set up during the summer per collective bargaining agreements or individual contracts
- Non-exempt (hourly staff) set up on "non-classified" or "secretarial" payscale
- Schools send timesheets to central office each week. Hours input and employee status changes made each pay period.

How Payroll is Generated

- Data entered into our payroll system and reconciled with worksheet
- Payroll reviewed by Director of Business Services
- Payroll reviewed and processed by Accounting Office
- Checks printed and issued by Town Treasurers Office
- 1% internal audit each pay period

Internal Controls

Town Treasurer:
-Produces and issues checks and direct deposit
-Conducts cash management

Town Accountant:
-Reviews all payrolls
-Verifies all pay rates
-Produces W-2 statements

Town Departments:
-In-processing new staff
-Input hours and verify salaries
-Add/modify/delete various payroll deductions
-Assist with retirement process

School Department:
-In-processing new staff
-Input hours and verify salaries
-Add/modify/delete various payroll deductions
-Assist with retirement process

Major Sub-components:

- In-processing new staff
  - W-4 forms, I-9 forms, Social Security, enrollment in defined benefit plans, set up in Human Resource Information System, employment policies
- Processing retirement applications and conducting research for prior service

Major Sub-components (cont.)

- Managing payroll deductions
  - Health and life insurance
  - Disability insurance
  - Tax sheltered account (employee contributions- 403B Program)
  - Federal, state, Medicare taxes
  - Union dues
  - Defined benefit plans- employee compulsory contributions: varying rates and plans
  - Wage garnishments

Summary

- Payroll is a critical Business Office function
- Many different responsibilities are inherent in this function
- A high degree of automation is used to manage the function
- Adequate internal controls are in place